Tax News Bad for Johnny Canuck

OTTAWA (CP) — For Mr. and Mrs. Johnny Canuck, the tax news Thursday night was all bad.

Taxes on cigarets, cigars and liquor will be higher.

Excise taxes on some imported fresh and canned fruits and vegetables and on some imported fabrics will be increased.

The old-age security tax, which is applied on personal and corporation income and commodity sales, will go up.

In short, Finance Minister Fleming in his budget proposals to the Commons conducted a short, sharp raid on the Canadian pocketbook.

The higher old-age security tax will hit all taxpayers, no matter how small their taxable income.

This tax now amounts to two per cent on personal income, corporation income and commodity sales. It is being increased to three per cent—today in the case of commodity sales; on July 1, 1959, on personal income; and on Jan. 1, 1959, on corporation income.

Mr. Fleming bumped income taxes again when he put an additional two per cent on all taxable income above $3,000 effective July 1.

This increase will affect only 800,000 of the 4,000,000 Canadian taxpayers — those making more than $5,000 a year.

Today the tax on a package of 20 cigarets will go up by two cents.

The tax on cigars will be doubled to $2 a thousand.

The tax on liquor will be increased by about 12 cents on a 25-ounce bottle of whisky.

Effective this year, taxpayers won't be able to deduct as medical expenses those amounts paid under the Hospital Insurance Act.

However, crutches and trusses now will be included in deductions under medical expenses.

Mr. and Mrs. Canuck may be hurt by Mr. Fleming's tariff changes in a place where it hurts most — the grocery bill.

For instance, the provision for duty-free entry of new potatoes between Jan. 1 and June 14 is eliminated.

A duty-free period of 10 weeks on apples is also eliminated.

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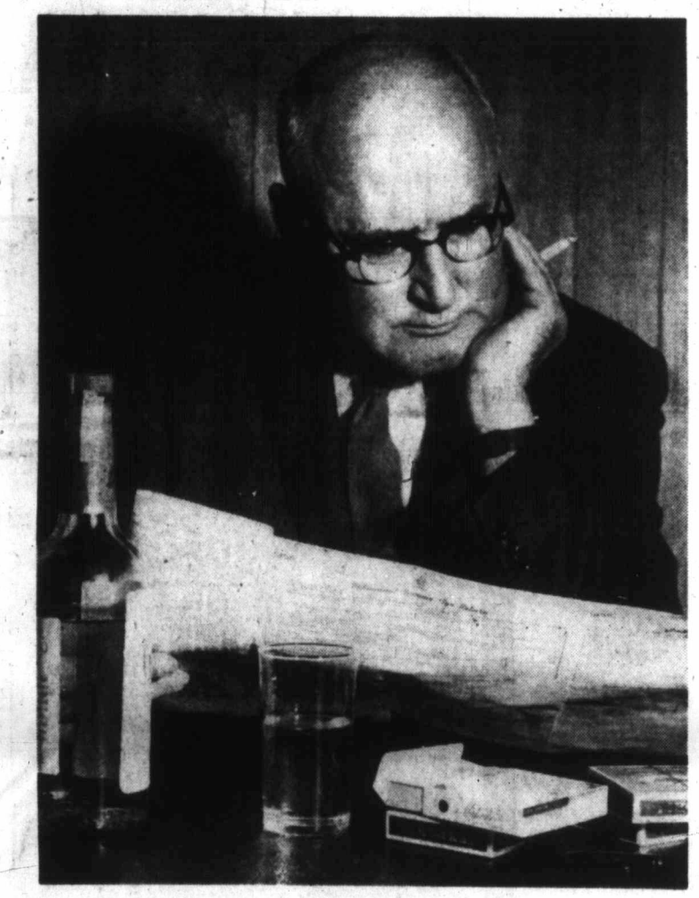
Forecast, cloudy not as warm
(Details on page 2)

CIGARET, DRINK TAXES SOAR
INCOME TAX UP SLIGHTLY



Three-Way Loser

He took a beating, he figures, from 1958 taxes, but budget news yesterday makes 1959 look even tougher on the pocketbook, Lorrie Grant, James Bay Hotel, reflected gloomily last night, along with a lot of other Canadians who were hoping against hope for tax easing. Whisky and cigarets, the harried man's comfort, have also gone up in price just to add to the woes.—(Colonist photo.)

Tax News At a Glance

Cigaret and Liquor Taxes Soar

* * *

Personal Income Tax Raised

* * *

Old-Age Security Tax Raised

* * *

Corporation Income Tax Raised

* * *

Deficit of $393,000,000 Forecast

* * *

Expenditures a Record $5,660,000,000

* * *

Revenue $5,267,000,000

* * *

Payments by BCHIS No Longer Deductible

* * *

Import Duties Lowered on Some Fabrics, Perfumes and Wines

Angry

Astonished and "a little angry" was Health Minister Eric Martin's reaction to the federal government's refusal to allow income tax deduction of full hospital charges. He called it "another case of financial bungling . . . reaching deep into the taxpayer's pocket." (See story page 7).

Red-Ink Budget A Compromise

OTTAWA (UPI)—Finance Minister Fleming in last night's budget held income tax rates narrowly below the level under the late Liberal government, but took the lid dramatically off the ceiling on liquor and cigaret taxes.

Liquor taxes now stand at an all-time high. Cigaret taxes are only slightly below the Korean War rates, which were cut because they brought on diminishing returns.

But in his offensive against the taxpayer's pocket—estimated to net the treasury $352,000,000 in a full year and $245,000,000 in the current partial year—Fleming stopped short of the scale of increases that would be necessary to eliminate deficit spending

Full budget details on Pages 6 and 7.

HALF-WAY BACK

Instead he compromised by travelling only half-way back along the road back to a balanced budget. His forecast of the deficit for the current year was $393,000,000, compared with the deficit of $617,000,000 for the year just ended.

To Parliament Fleming described his program as "moderate." He even ventured the belief that "many Canadians may not be unpleasantly surprised that the increases I propose are as moderate as they are."

LOOK FORWARD

Explaining the principles on which the budget was based, he said:

"We must look forward to the time when conditions of prosperity and employment will allow a balanced budget and when we can also make proper provision for an orderly retirement of debt.

"We have not yet, however, reached that stage. Recovery is gathering momentum, but it would be unwise at this juncture to change our course so abruptly as to hamper the forces of expansion. I believe, however, that there should be some narrowing of the budgetary gap."

Fleming estimated that the government's cash needs in the bond market during the coming year will be approximately half of last year's billion-dollar-plus total.

Big Two Taxers Tax-Free

OTTAWA (UPI) — Two men unaffected by tax increases on cigarets and liquor are Finance Minister Fleming and Prime Minister Diefenbaker.

They're both non-smoking tee-totallers.

RCMP Nab Boys

KRESTOVA, B.C. (CP) — Eight RCMP officers picked up two Sons of Freedom Doukhobor children late Wednesday night in a raid on four Freedomite homes here.

Police said they sought five children whose parents refused to send them to the government-operated dormitory at New Denver, but found only Walter Perepelkin, 11, and his brother, Dennis, 12. They were taken to the dormitory Thursday but will be sent to Nelson Sunday for a medical examination before being admitted to school.

The two boys told police they had been attending a new school set up here in a converted barn where Volodya Stepano, about 40, is teaching 45 Freedomite children in Russian.

Mystery shrouds Stepano. The Sons say he taught in junior high schools in Russia and studied engineering at the University of Toronto. The university said Thursday it had no record of a man by that name.

Freedomites, who number about 3,000 of the 20,000 Doukhobors in Canada, protest that Canadian education leads to war and killing and refuse to send their children to regular schools.

Six years ago the British Columbia government separated 100 Freedomite children from their parents and registered them in a special dormitory-school at New Denver, about 80 miles northwest of Nelson in southeastern B.C. The Sons said the dormitory was no better than a concentration camp.

'Soak the Rich' Tax Hike Aim

OTTAWA (CP) — Finance Minister Fleming says tax boosts were planned to fall more heavily on the more prosperous segment of the tax-paying public than on the working man.

Asked why he had boosted excise taxes on liquor but not on beer, Mr. Fleming said it was a "matter of selection."

Cargo Sub May Serve Far North

SOUTHAMPTON, England (Reuters) — British industrialist E. B. N. Mitchell left here Thursday for Canada to discuss building of a giant atomic-powered cargo submarine.

The submarine would increase trade with Northern Canada by cruising under Hudson Bay when it is icebound.

A spokesman for the united engineering group said the 50,000-ton whale-shaped submarine, already nicknamed the Moby Dick, would be 600 feet long and cost up to $65,000,000.

It would be capable of travelling for more than 18 months without refuelling.

Mitchell will discuss the possibility of using the Moby Dick to carry Canadian iron ore under the Atlantic to Britain.

Gettysburg Address

Nikita Says Ike Raising Tension

MOSCOW (UPI) — Soviet Premier Nikita Khrushchev accused President Eisenhower yesterday of contributing to attempts to raise world tension.

Khrushchev made the accusation in replies to questions submitted by the editors of the official Soviet Communist party newspaper Pravda on Eisenhower's April 4 speech at Gettysburg.

Eisenhower had warned that appeasement of Russia in the tense Berlin situation would be "dishonorable and most dangerous."

Khrushchev said people everywhere were joyous over the plans for a projected East-West summit conference, but "attempts are being made to play on people's nerves, to raise tension."

"It should be said that President Eisenhower, too, is making a definite contribution to this," Khrushchev was quoted as saying.

He said that Americans claim that their mutual security program is aimed at peace, but it really "is aimed at gross interference by the United States in the internal affairs of other countries, hitching them more tightly to the military blocs of the Western powers, in which the United States is playing a leading role."

Counter Offensive

GENEVA (UPI)—The Soviet Union has called for creation of a European super-trade organization apparently to offset effects of the six-nation West European common market.

DON'T MISS

Circus Fat Lady Sheds 401 Pounds
(Names in News, Page 3)

* * *

Frank Lloyd Wright 'Old Rebel' Dies
(Page 5)

* * *

'Anti-British' Text Used in B.C. Schools
(Page 29)

* * *

Municipalities Ask Ottawa for More
(Page 30)

* * *

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To Evade Damage Suits

Unions May Shuttle Funds Out of Reach

VANCOUVER (CP)—British Columbia unions are considering transferring their funds to the United States to evade damage suits under recent B.C. labor legislation, a trade union official said Thursday.

This is one of three possible tactics to be discussed today at a meeting called by the B.C. Federation of Labor.

"The purpose of the meeting," said Bill Black, federation president, "is to discuss what steps can be taken to protect union funds. The opportunities Bill 43 gives the employers could smash us financially."

Jim Bury, federation executive assistant secretary, said the three main possibilities to be discussed are:

Transfer of union funds to the U.S. whenever major prosecutions appear likely; setting up of building societies whose funds would not be directly connected with the unions; and transfer of funds to trust companies.

Model Killer Guilty

LOS ANGELES (AP) — An unemployed bookkeeper was convicted of first-degree murder Thursday in the slaying of a pretty Hollywood photographer's model. He faces life imprisonment or death.

The verdict against Gerald Feasby, 31, formerly of Ottawa, was returned by a Superior Court jury of eight men and four women.

Smokes Will Cost Three Cents More

The 2 1/5 cent federal tax increase on a package of 20 cigarets is not expected to mean "more than a three cent increase in consumer price" on Imperial Tobacco Company cigarets, president E. C. Wood said.